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Reports and Testimony: December 1989

Highlights

Federal Office Space

The federal budget structure costs taxpayers billions of dollars because it hinders the government from building its own office space while pushing it into more expensive leasing arrangements. Page 7.

Prison Crowding

Unprecedented growth of the inmate population in already overcrowded federal prisons is outdistancing the current \$1.8 billion plan to double prison capacity by 1995. Page 14.

Aviation Security

A year after the Pan Am Flight 103 bombing over Scotland, the Federal Aviation Administration can't be assured that U.S. airlines are applying the extra security measures required at high-risk foreign airports. Page 21.

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About our new look: we have redesigned the monthly list of reports and testimonies into category headings that more currently reflect the issue areas in the General Accounting Office. We hope that you find this document easier to use.

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Reports and Testimony: December 1989

Agriculture and Food

Food Assistance: USDA's Implementation of Legislated Commodity Distribution Reforms

GAO/RCED-90-12, Dec. 5.

Following a decade of concern about problems with the Department of Agriculture's program to distribute agricultural commodities, Congress passed legislation requiring broad reforms at the agency. These reforms were intended to improve the distribution of donated agricultural commodities to recipient agencies, commodity quality, and the response of the program to recipient agencies' needs. In this report, GAO tried to determine (1) the status of the implementation efforts, including USDA's meeting the Act's deadline requirement; (2) the reasons for any unmet deadlines; and (3) any adverse impact resulting from USDA's implementation actions or unmet deadlines.

Testimony

GAO Analysis of Durum Wheat Prices, by John W. Harman, Director of Food and Agriculture Issues, before the Subcommittee on Trade, House Committee on Ways and Means. GAO/T-RCED-90-19, Dec. 7.

GAO discussed current market conditions for durum wheat and whether durum prices are consistent with supply and demand. GAO found a strong statistical relationship between durum wheat prices and stocks remaining at the end of the crop year; the higher the level of stocks, the lower the average annual price, and vice versa. Using USDA's November forecasts of ending durum stocks, GAO projects an average annual durum wheat price of at least \$5.25 per bushel. However, prices for the first 6 months of 1989 suggest an annual average price of about \$4.30 per bushel. Several factors, including grain quality, levels of imports, and forecasts of exports, could account for this price difference; however, GAO is unsure which of them, if any, is actually responsible. The price difference estimated by past relationships and this year's price may indicate a fundamental change in the market for durum wheat.

Business, Industry, and Consumers

Small Business: Development Centers Meet Counseling Needs of Most Clients

GAO/RCED-90-38BR, Nov. 22.

The Small Business Development Center program, which is administered by the Small Business Administration, provides business-related counseling, training, and specialized support assistance to the small business community. Unless reauthorized by Congress, the program will expire in October 1990. This briefing report provides nationwide information on client satisfaction with program assistance, sources of program funding, services provided by the program, clients' characteristics and minority participation, staff characteristics, and usefulness of on-site reviews of the program.

Energy

Nuclear Waste: DOE's Program to Prepare High-Level Radioactive Waste for Final Disposal

GAO/RCED-90-46FS, Nov. 9.

Under the Department of Energy's program for immobilizing high-level radioactive waste, the waste is converted into a solid form that is suitable for permanent disposal. This fact sheet provides information on the quantities of waste, immobilization approaches, and estimated costs for DOE's four waste immobilization projects—the Savannah River Site in South Carolina, the West Valley Demonstration Project in New York, the Hanford Site in Washington State, and the Idaho National Engineering Laboratory in Idaho.

Nuclear Materials: Information on DOE's Replacement Tritium Facility

GAO/RCED-90-54, Nov. 22.

GAO reviewed DOE plans to complete and operate a replacement for the tritium loading facility at the Savannah River Site in Aiken, South Carolina. This loading facility processes important components used in nuclear weapons. GAO found that the new facility should substantially improve tritium operations, but that costs have increased greatly since the program began in 1986. Construction costs have increased by 20 percent from \$120 million to \$144 million, although the largest increases

have been in the start-up costs, which have risen by more than 350 percent—from a fiscal year 1986 estimate of \$17 million to a fiscal year 1989 estimate of \$62 million.

Nuclear Waste:

Quarterly Report on DOE's Nuclear Waste Program as of June 30, 1989

GAO/RCED-90-59, Dec. 12.

This quarterly report on DOE's implementation of the Nuclear Waste Policy Act of 1982 discusses changes in waste program contracting patterns that have occurred since December 1987. The Nuclear Waste Policy Amendments Act of 1987 significantly altered DOE's waste program by (1) ending work investigating two sites for a first repository; (2) focusing first repository activities on the Yucca Mountain, Nevada, site; and (3) postponing work on a second repository. GAO's analysis shows that the total number of nuclear waste program contracts decreased by 123 after the amendments were passed, including 113 contracts related to non-Yucca Mountain project work. Spending patterns for nuclear waste program contracts have also changed since 1987, with contracts for the Yucca Mountain Project now accounting for a greater percentage of total contract costs. This report also discusses the status of the legal challenge to DOE's selection of Bechtel Systems Management, Inc. as the waste program's management and operating contractor and recent concerns raised about DOE's management of such contracts.

Environmental Protection

Air Pollution:

National Air Monitoring Network is Inadequate

GAO/RCED-90-15, Nov. 2.

The Environmental Protection Agency reports that over 100 million people live in areas where air pollution exceeds national air quality standards. This conclusion was reached primarily on the basis of the results of a nationwide network of air monitors that measure compliance with the standards. Although EPA regulations required the agency to have a national air monitoring network in place by July 1982, GAO found that the network is still incomplete. EPA has cited insufficient funds at the federal, state, and local levels as a major barrier to completion of the network. More funds will be needed to complete the monitoring network and will continue to be needed to buy additional monitors and replace

aging equipment. GAO also found that EPA quality control measures, such as bi-annual reviews of state and local monitoring programs, have not ensured the accuracy and reliability of data provided by national, state, and local monitoring networks. In some cases, quality controls do not meet EPA criteria for thoroughness or effectiveness. Further, EPA's accuracy testing of state and local air monitors is questionable since the agencies are allowed to choose which monitors are to be tested.

Hazardous Waste:
Attention to DOD Inventories of Hazardous Materials Needed

GAO/NSIAD-90-11, Nov. 6.

The Department of Defense is a major generator of hazardous waste. Since 1984 all hazardous waste generators have been required to have minimization programs. GAO found that DOD's current inventory practices do not minimize the amount of unused hazardous materials that are transferred to the disposal process.

Financial Institutions

Farm Credit:
Basis for Decision Not to Assist Jackson Federal Land Bank

GAO/GGD-90-16, Dec. 13.

Within five months after legislation was passed that provided up to \$4 billion to financially troubled Farm Credit System institutions, the Farm Credit System Assistance Board denied financial assistance to return the Federal Land Bank in Jackson, Mississippi, to a viable position. Instead, the Board recommended that the Bank be placed in receivership. GAO found that the Board's cost estimates did not provide a reliable basis for deciding whether receivership or assistance would be the less expensive alternative. While GAO did not do an independent cost analysis, it did find that the cost estimates used in the Board's final decision were based on an analysis that omitted millions of dollars in receivership interest costs, relied on unsupported or inappropriate economic assumptions, and compared alternatives on the basis of cash costs rather than on present value costs. GAO also found strained relations between the Board and Bank officials due to misunderstandings over their roles and responsibilities. GAO believes this situation could have been avoided and the decision-making process improved had there been better guidance from the Board.

**The Federal Reserve:
Information on the System's Check Collection Service**

GAO/GGD-90-17, Dec. 15.

The Monetary Control Act of 1980 requires the Federal Reserve to charge for its check collection services, recover costs fully, impute costs incurred by private sector firms, and make its services available to all depository institutions. The result has been greater competition in check collection between Federal Reserve banks and private sectors banks. However, concerns have arisen about the competitive fairness of the relative price and quality of service offered by each competitor. GAO found that the Federal Reserve has a unique advantage in that it can collect funds from any bank on the same day it presents checks and not pay a presentment fee for such a privilege. Unless the safety, soundness, or efficiency of the payments systems demands otherwise, GAO believes private banks should be able to provide the same check collection services to their customers. As calculated by the Federal Reserve, in 1988 the System did not recover all its costs; its revenues fell about \$9 million (almost 2 percent) short of covering the check collection cost base. For calendar years 1985 through 1987, the System recovered all check collection costs. The Federal Reserve attributes the shortfall to significant cost increases associated with new check return services. In calculating the recovery costs for its check collection prices, the Federal Reserve has been following a rule for accounting for checks collected by Reserve banks that differs from the rule private banks must follow. Because of this difference, the Federal Reserve has imputed lower deposit insurance costs than what private banks would have had to pay for the same level of check collecting effort.

Financial Management

**Financial Audit:
House Interparliamentary Groups' Financial Statements for 1988**

GAO/AFMD-90-3, Dec. 18.

GAO audited the balance sheets of the House of Representatives Mexico-United States Interparliamentary Group, Canada-United States Interparliamentary Group, United States-European Community Interparliamentary Group, and the United States Group of the North Atlantic Treaty Parliamentary Conference as of December 31, 1988. GAO also audited the related statements of cash receipts, expenditures, and

fund balances and of cash flows for the year then ended. In GAO's opinion, these financial statements present fairly, in all material respects, the financial position of the four interparliamentary groups and the results of their operations and cash flows for the year ended in conformity with generally accepted accounting principles.

Government Operations

Federal Office Space: Increased Ownership Would Result in Significant Savings

GAO/GGD-90-11, Dec. 22.

Annual costs of office space leased by the General Services Administration are projected to rise from \$1 billion in 1988 to \$1.6 billion by 1994. Although the federal government could save billions of dollars by owning office space it would otherwise rent, funding limitations and biases in the current budget structure have led GSA to lease space that would be more economical to own. These constraints have also led GSA to use costly alternative financing methods like lease-purchase agreements. Congress and GSA need a better way to identify the most economical means for meeting the office space needs of federal agencies. To this end, GSA should prepare annual long-range facility plans that identify the most economical way to meet space needs and the level of capital investment needed. GSA should also prepare a capital budget for the Federal Buildings Fund that clearly distinguishes between funding needs for operating and capital expenditures.

Postage Stamp Production: The Bureau of Engraving and Printing's Future Role

GAO/GGD-90-25, Dec. 12.

This report focuses on efforts by the United States Postal Service to increase the number of postage stamps obtained from the private sector. The USPS initiative has not yet significantly affected the number of stamps produced by the private sector or by the Bureau of Printing and Engraving; in fact, given projections of future stamp demand increases, the initiative may not reduce the amount of stamps the Bureau now produces. Disagreements between USPS and the Bureau over stamp quality and related costs were a major impetus for the USPS initiative. However, relations between the two agencies have improved recently, and top USPS officials are pleased with the agencies' efforts to resolve stamp quality

problems. USPS and the Bureau must continue to work out their disagreements and maintain good relations. Ultimately, the Bureau's future as the Nation's main stamp producer will depend on (1) further improvement in the relationship between the Bureau and the Postal Service, (2) the results of the Postal Service's study, and (3) future Treasury and congressional support if the Bureau's role is challenged.

**Postal Service:
Estimating the Cost of Construction Projects**

GAO/GGD-90-28BR, Dec. 19.

This briefing report examines how USPS develops its cost estimates for new construction facility projects. GAO (1) identified major facility projects that were reviewed and delayed or otherwise questioned by the Postal Service's Board of Governors and (2) compared the actual building costs with the approved cost estimates for a sample of completed postal facilities.

**1990 Census:
Comparison of Coverage Improvement Programs for 1980-1990**

GAO/GGD-90-8, Nov. 28.

The Census Bureau estimates it will spend about \$175 million on the 1990 census. Adjusting for inflation, this represents a 21 percent increase over 1980 census costs. In response to congressional concern about the rising cost of taking the census, GAO compared descriptions, reported results, and costs for the 1980 and 1990 census coverage improvement programs. These programs have generally improved the census counts, but with varying levels of success and costs. This report also provides updated information on the status and costs of the coverage improvement programs.

Testimony

A-76 Program Issues, by L. Nye Stevens, Director of Government Business Operations Issues, before the Subcommittee on Human Resources, House Committee on Post Office and Civil Service. GAO/T-GGD-90-12, Dec. 5.

The A-76 program has always been controversial; however, GAO believes that encouraging competition is a sensible management objective that could result in more efficient and effective government operations and

in significant cost savings. In the more than 100 reviews it and others have done, mostly at the Department of Defense, GAO found that managers generally agree with the A-76 concept of government/private sector competition, although they also say it is time consuming, difficult to implement, and disruptive. GAO found that employees feel threatened and understandably anxious about the possible loss of their jobs as a result of A-76 cost studies. GAO identified five obstacles that hinder program implementation: burdensome and time-consuming cost studies, unclear and inflexible program objectives, congressional restrictions, unrealistic study goals, and increased contract costs due to poorly written performance work standards. GAO recommends that OMB adopt a strategy for the A-76 program that would overcome these problems. OMB should then present the strategy to key congressional committees and work to ensure its acceptance.

Provision of Mail Delivery Services in a High-Growth Area, by L. Nye Stevens, Director of Government Business Operations Issues, before the Subcommittee on Postal Operations and Services and before the Subcommittee on Post Office and Civil Service, House Committee on Post Office and Civil Service. GAO/T-GGD-90-13, Dec. 11.

In June 1989, GAO issued a report on the Postal Service's response to deteriorated service in the rapidly growing Northern Virginia area. In this testimony, GAO compares and contrasts the conditions found in Northern Virginia with those in the San Diego area. While Northern Virginia and San Diego are of roughly similar size and both have experienced rapid growth in mail volume, the San Diego data that GAO has examined suggests that a mail crisis similar to the one experienced by Northern Virginia in 1987 and 1988 is unlikely in San Diego.

Health

Human Embryo Laboratories: Standards Favored to Ensure Quality

GAO/HRD-90-24, Dec. 19.

The successful application of advanced reproductive technologies has raised the hopes of many infertile couples. Because human embryo laboratories play an important role in the treatment of such patients, GAO surveyed laboratory personnel qualifications, quality control measures, and techniques. GAO found that these factors varied, and most of the technology practitioners responding to GAO's survey generally agreed that some oversight of human embryo laboratories would improve the

quality of care people receive. A majority of respondents favored more uniform personnel qualifications and quality control requirements. Many reproductive technology program directors, however, opposed mandating standardized techniques, noting that similar results may be obtained when different methods, materials, and techniques are used.

Medicare:

Statistics on the Part B Administrative Law Judge Hearings Process

GAO/HRD-90-18, Nov. 28.

This report provides statistics on the administrative law judge portion of the Medicare Part B appeals process. Specifically, the report discusses the number of administrative law judge cases filed and their status, the outcome of cases by type of hearing sought, and the time required to complete the hearing process.

Medicare:

Internal Controls Over Electronic Claims for Anesthesia Services Are Inadequate

GAO/HRD-90-49, Dec. 18.

During its review of Medicare payments to anesthesiologists, GAO found that internal controls were inadequate for claims for anesthesia services submitted by electronic media like magnetic tape or disk. Controls over electronic claims at seven of eight carriers in GAO's review were not as effective as controls used in paying paper claims. When GAO sampled electronic claims at three of these carriers, GAO found computational errors that could have been detected had the controls for reviewing paper claims been employed. A subsequent audit by one of these carriers disclosed net overpayments to an anesthesiology group of about \$117,000. The Health Care Financing Administration needs to improve its electronic media claims control policies and to review carrier compliance with such policies.

**Medicare:
Improvements Needed in the Identification of Inappropriate Hospital Care**

GAO/PEMD-90-7, Dec. 20.

Over 31 million elderly Americans look to Medicare as their primary way of obtaining hospital care; in fiscal year 1988, payments for inpatient hospital services totaled \$51.9 billion. In the Medicare program, 54 Utilization and Quality Control Peer Review Organizations (PRO) judge the appropriateness of hospital care given Medicare beneficiaries as well as other aspects of care, including the quality and accuracy of hospital classification decisions affecting reimbursement levels. GAO found that PRO reviews of hospital care have typically identified a lower rate of inappropriate care than have reviews done by an independent Health Care Financing Administration contractor or by researchers. The criteria used to screen cases, the cases selected for review, and the lack of incentives for PROs to aggressively question the appropriateness of care all tend to decrease the rate of inappropriate hospital care uncovered by the PRO reviews. The main difference between private sector and PRO utilization review activities is timing. Private sector programs operate prospectively—that is, before admission, identifying patients who do not need hospitalization and referring them to more appropriate health care settings. Most PRO reviews, on the other hand, are done after the patient has been discharged from the hospital.

Housing

**Public Housing:
Planned Kenilworth-Parkside Sale Raises Issues for Future Transactions**

GAO/RCED-90-26, Dec. 1.

Under 1987 legislation, resident management corporations (RMC) may seek ownership of public housing property. The first to do so was the RMC at the Kenilworth-Parkside public housing property in Washington, D.C. GAO found that while the Department of Housing and Urban Development has conditionally approved the plan to sell Kenilworth-Parkside to its RMC, plans for the ownership program's ultimate goal—tenant ownership of individual units—are incomplete. GAO identified three ways for an RMC to generate capital once it has title to a property. Two of these—the formation of partnerships to generate tax credits and obtaining a mortgage loan—are not precluded by the 1987 legislation.

Although the law's language is not explicit, GAO believes the legislation precludes the third option, the sale of pieces of the property. An RMC that obtains ownership could jeopardize tenant investments and the low-income status of its property through financial mismanagement. To protect against this possibility, the District of Columbia plans to retain the option to repurchase the property by satisfying any lien on Kenilworth-Parkside—a safeguard GAO believes HUD should require in any future sales. GAO also identified several policy issues during its review that it believes merit congressional consideration.

Income Security

Private Pensions: Spousal Consent Forms Hard to Read and Lack Important Information

GAO/HRD-90-20, Dec. 27.

In congressional testimony, witnesses said that some husbands had, without consulting their wives, chosen pension options that paid higher benefits during their own lifetimes but that did not provide a continuing benefit to their widows. In many cases, these women were left destitute. The Retirement Equity Act of 1984 now requires employers to obtain written consent from spouses of retiring workers who chose pension benefits payable only during their lifetimes. GAO examined the content and readability of forms that companies use to meet the Act's spousal consent requirement. These consent forms are an important source of information about survivor benefits for spouses as well as workers, particularly since many companies do not formally counsel workers nearing retirement and even fewer counsel spouses. Despite their importance, many of the forms GAO reviewed did not present all the information GAO believes spouses should have in making an informed decision about the survivor benefit option. Moreover, in GAO's opinion, the consent forms are too difficult for many spouses of retiring workers to read and understand. GAO believes IRS should require employers to provide spouses with clearly written consent forms that explain the terms of the various pension benefit options and the consequences of rejecting the survivor benefits.

Information Management

Computer Security: Unauthorized Access to a NASA Scientific Network

GAO/IMTEC-90-2, Nov. 13.

NASA records show that on dozens of occasions between 1981 and March 1989, unauthorized users successfully gained access to the Space Physics Analysis Network's computers and used them to gain access to other computers at NASA and another federal agency. NASA officials, while believing that no data have been altered or destroyed, recognize that unauthorized entries resulting in copied, altered, or destroyed data could have occurred without their being aware of them. Although NASA has taken some actions in response to the security breaches, it has not done a security risk analysis for the network, which is contrary to federal and agency requirements. Management, as a result, does not know the extent of the network's vulnerabilities or the kinds and level of security precautions that should be taken. By doing a risk analysis, NASA will have taken a critical step towards ending its computer security weaknesses.

ADP Systems: EEOC's Charge Data System Contains Errors but System Satisfies Users

GAO/IMTEC-90-5, Dec. 12.

GAO looked at whether the Equal Employment Opportunity Commission's Charge Data System can provide accurate, complete, and current data to EEOC in its administration and enforcement of the Age Discrimination in Employment Act. Concerns had been raised that the Charge Data System may have been partly responsible for age discrimination complaints exceeding the statute of limitations before EEOC had completed its investigations. Age discrimination cases in the Charge Data System data bases of the eight offices GAO visited contained some errors, but the users were largely satisfied with the system. These errors occurred because EEOC did not adequately verify the accuracy or completeness of data entered in the data bases or update the data bases with new or revised data. Although data base errors diminish the accuracy of Charge Data System reports, they did not adversely affect the investigation of age discrimination complaints. None of the cases selected at random for GAO's analysis exceeded the statute of limitations. While EEOC's Director of Management was concerned about the error rates and said that EEOC recently had acted to reduce the level of error in the data

bases, EEOC has not established a standard for an acceptable level of error. Establishing a cost effective data accuracy standard and adhering to it is a reasonable and accepted practice among users of management information systems.

**Computer Systems:
Actions on OMB Recommendations for a Joint Lookout System**

GAO/IMTEC-90-10, Dec. 26.

A December 1988 study by the Office of Management and Budget made five recommendations for combining the automated lookout system run by the Immigration and Naturalization Service and by the Customs Service. OMB also recommended that the Department of the Treasury, the Department of Justice, and the Department of State develop and run the single system with emphasis on field training, participation, and feedback. GAO found that State, INS, and Customs have acted on some of OMB's recommendations. The agencies have (1) developed a joint lookout system known as the Interagency Border Inspection System, (2) established a joint systems operating group, and (3) taken steps to improve the sharing of information among law enforcement groups. With respect to the remaining recommendations, the agencies are considering developing a joint work plan to use small computers and establishing a border data center.

**Justice and Law
Enforcement**

**Prison Crowding:
Issues Facing the Nation's Prison Systems**

GAO/GGD-90-1BR, Nov. 2.

The Federal Bureau of Prisons faces a growing prison population and unprecedented crowding. In its fiscal year 1990 budget submission, the Bureau calls for spending \$1.8 billion to double prison capacity by 1995. Recent Bureau estimates, however, suggest a 1995 prison population that is even larger than that originally envisioned by the plan. Furthermore, the number of prisoners is expected to grow significantly after 1995. Over the next several years, the administration, Congress, and the judiciary will have to address the types and sizes of prisons needed; the possibility of "privatizing" prisons; and alternatives to traditional imprisonment, including "boot camps" and electronically monitored home detention. State officials will be faced with similar decisions.

Criminal Justice:
Impact of Bail Reform in Selected District Courts

GAO/GGD-90-7, Nov. 13.

The Bail Reform Act of 1984 greatly expanded the ability of judicial officers to detain defendants considered dangerous or likely to flee. On the basis of its work in four of the 94 district courts, GAO estimates that pretrial custody rates (the percentage of defendants held in custody during the entire pretrial period) increased under the new law in three of the districts. The pretrial custody rate declined in the fourth district. GAO found that more defendants are being held because they are deemed a flight and/or danger risk; fewer are being held because they could not pay bail. GAO estimates that custody rates for offenders awaiting sentencing increased slightly in three districts and decreased in the fourth. GAO estimates of the number of days defendants were in custody both before and during trial and during the post-conviction phase (from determination of guilt to sentencing) were about the same under both the old and new laws. Judicial officers who set bail in the four district GAO visited did not always receive timely information on the backgrounds of defendants. However, they said when they did receive such information it was useful in making bail decisions.

Customs Service:
Acceptance of Centralized Cargo Examinations Varies

GAO/GGD-90-24, Dec. 22.

Historically, the U.S. Customs Service examined imported goods by sending its inspectors to the sites where goods were located. Customs changed its procedures in 1987 by implementing the Centralized Examination Stations program, whereby importers must take their goods to central locations for Customs to examine. Customs officials said the program has been achieving its objectives and is advantageous to Customs—reducing inspector travel time and costs, improving supervision, allowing more goods to be inspected without adding inspectors, and hastening the release time for cargo. Among importing community members that GAO contacted in 26 ports, the degree of program acceptance varied, with more favoring the program than not. The most prevalent concern raised by the importing community has been perceived higher costs, although the community could not supply cost data to substantiate this view. GAO found that Customs did not violate applicable federal law; however, Customs has not (1) routinely examined the reasonableness of

fees charged by centralized examination station operators; (2) required the operators to enter into written agreements with Customs; or (3) maintained data to evaluate the program's effectiveness or support decision-making on program expansion.

National Defense, Security, and Military Procurement

Industrial Base: Adequacy of Information on the U.S. Defense Industrial Base

GAO/NSIAD-90-48, Nov. 15.

In recent years, several studies have raised concerns about growing U.S. dependence on foreign sources for materials and components used in our weapon systems. GAO found that although there is evidence of U.S. dependence on foreign suppliers for critical items in some weapon systems, it is impossible to measure the overall impact or extent of such dependence because the Department of Defense lacks a reliable system for identifying dependence on foreign parts, components, and technologies. DOD's current ad hoc approach to defense industrial base data collection and analysis can, through special studies, provide information on general industry sectors and foreign dependencies. However, the ad hoc approach is inefficient and of limited effectiveness.

Defense Acquisition Programs: Status of Selected Systems

GAO/NSIAD-90-30, Dec. 14.

GAO reviewed the requirements, schedule, performance, cost, and funding support for 13 defense acquisition programs: the Advanced Antitank Weapon System-Heavy, Light Helicopter program, Multiple Launch Rocket System-Terminal Guidance Warhead program, line-of-sight forward heavy air defense system, Rolling Airframe Missile, v-22 Osprey aircraft, Sea Lance antisubmarine warfare standoff weapon, AN/BSY-1 submarine combat system, Peacekeeper Rail Garrison, Advanced Tactical Fighter, Sensor Fuzed Weapon, NAVSTAR/Global Positioning System user equipment, and Tacit Rainbow program. GAO found that while all 13 programs are being developed to satisfy a stated military requirement, given budget constraints, there is not full agreement within DOD that certain programs represent the best or most cost-effective solution. Each of the 13 programs has experienced cost slippages; cost estimates have increased for 10 of the programs; and program changes resulting

from schedule slippages, budget cuts, and technical problems suggest the potential for future cost growth for 7 programs.

**ICBM Modernization:
Rail Garrison Production Decision and Launch Car Acquisition
Should Be Delayed**

GAO/NSIAD-90-19, Dec. 7.

As part of its periodic reviews of the Air Force's intercontinental ballistic missile modernization effort, GAO evaluated the current and planned land-based ICBM force structure. During GAO's review, the Secretary of Defense announced that the 50 Peacekeeper missile force will be moved from the silos at F.E. Warren Air Force Base, Wyoming, to rail garrisons at various Air Force installations. This report discusses how the announcement provides an opportunity for the Air Force to revise its missile launch car acquisition schedule and to consider more fully operational test and evaluation results before deciding to begin initial and full production of the system.

**Reserve Force:
DOD Guidance Needed on Assigning Roles to Reserves Under the
Total Force Policy**

GAO/NSIAD-90-26, Dec. 7.

The reserves of the U.S. military services are expected to play a major role in any large-scale conflicts or wars. In a November 1988 report, GAO pointed out the need for DOD policy guidance in force mix decision-making. GAO's most recent report restates the need for additional guidance on the basic parameters for force mix decisions. Although all the services cite force mix decision criteria, GAO could not determine the relative influence of the various factors on force mix decisions or the thoroughness of the decision process. This is because decisions on reserve components usually are by-products of overall force structure decision-making under planning, programming, and budgeting processes in each service. There is little documentation of decision-making regarding reserve components within those processes. During these decision processes, marginal changes are often made regarding the use of reserve components. Over time, these changes have resulted in significant reliance on reserve components. However, GAO found that DOD lacks a way to assess the effect of cumulative changes on war-fighting capabilities. If the United States is reluctant to call up reserves in an emergency, the

services could face a dilemma when key capabilities are needed, but all or nearly all are in the reserves.

**Navy Supply:
Naval Air Stations Have Inventory Accuracy Problems**

GAO/NSIAD-90-45, Dec. 7.

In response to congressional concern about the military services' inventory management policies, procedures, and practices, GAO reviewed the inventory situation at naval air stations. GAO found that air station inventory records have a high rate of error. Also, internal controls that would help ensure record accuracy are not in place and key management indicators portray inventory records as more accurate than they actually are. GAO recommends the Navy (1) improve its internal controls over air station inventory records and (2) use statistical sampling methods at all air stations.

**Army Training:
Need to Improve Assessments of Land Requirements and Priorities**

GAO/NSIAD-90-44BR, Dec. 1

Ft. Riley, Kansas, is one of many installations that the Army considers to have inadequate land for home-station training. GAO looked at the Army's overall training and land acquisition plans and procedures, including procedures for establishing needs, examining alternatives, and setting acquisition priorities, and found several shortcomings. First, the Army is revising its priorities without having established adequate procedures for deciding relative needs. Second, the Army's training guidance, which is used to establish collective training land requirements, is 11 years old and outdated. Third, while the Army requires an alternative analysis study before it makes a final decision on land acquisition, this analysis may be biased because it is done after it has been initially decided that more land is needed. The Base Closing Commission's work focused attention on training land limitations and on land acquisition; however, the Commission's study did not suggest that Ft. Riley be closed if it is not expanded. The uncertainty over future force reductions makes it difficult to project the impact such cuts might have on Army land acquisition.

**Army Budget:
Potential Reductions in Helicopter Programs**

GAO/NSIAD-90-14BR, Dec. 12.

GAO reviewed the justifications for selected aircraft procurement line items in the Army's \$3.2 billion fiscal year 1990 budget. Specifically, GAO examined the Army's request for about \$2.3 billion for six helicopter systems. GAO identified \$359.2 million in potential reductions to the Army's aircraft procurement and research, development, test, and evaluation budgets: \$31 million for fiscal year 1988, \$187.5 million for fiscal year 1989, and \$140.7 million for fiscal year 1990.

**Army Maintenance:
Use of German Civilians and U.S. Reservists in Europe for General Support Maintenance**

GAO/NSIAD-90-22, Dec. 28.

Efficient, effective, and economical maintenance of equipment is essential to the readiness of U.S. forces. In Europe, most general support maintenance is now being done by German civilians. If hostilities broke out today, the peacetime German civilian workforce would be the main source of general support maintenance until personnel arrived from the United States. However, GAO found that the Army may not have an adequately trained and fully staffed German civilian workforce to provide the maintenance support required during wartime. For example, an important German army maintenance unit that is expected to provide this support is understaffed, and Army plans do not show how the German government will fill these shortages with trained people. In addition, many German civilians could be drafted by the German army and would be unavailable to do the maintenance work needed by U.S. forces. GAO also found that the Army has not developed a plan to evaluate the effectiveness of the first phase of its three-phased program of using reserve components for general support maintenance in Europe.

Social Services

Legislative Branch: Parental Leave Practices and Child Care Services

GAO/HRD-90-12, Nov. 14.

This report provides information on parental leave policies and child care services in the Legislative Branch. Eighty-one Senators' offices responded to GAO's questionnaire. The 16 standing committees of the Senate, the Office of the Secretary of the Senate, and the Senate Sergeant at Arms also responded to GAO's telephone survey. Most of the 81 Senators' offices, the 16 Senate committees, and Senate offices had maternity and parental leave policies, although they varied greatly. Both the Senate and the House of Representatives run child care centers with a combined enrollment of about 115 children. Among the legislative branch agencies, only GAO and the Government Printing Office plan to open child care centers. Lack of management support, along with funding and space problems, tends to impede the opening of child care centers.

Adoption: Assistance Provided by Selected Employers to Adopting Parents

GAO/HRD-90-47FS, Dec. 19.

In the conference report on the National Defense Authorization Act for Fiscal Years 1988 and 1989, GAO is directed to obtain information on the assistance employers give employees who are adopting children. The conference report indicates that this information is needed to evaluate the Department of Defense test adoption expense reimbursement program. This fact sheet presents information on selected employers' financial assistance for comparison with DOD's test program. This fact sheet also contains information on leave available from the selected employers to adopting parents.

Tax Policy and Administration

Tax Policy: Tax-Exempt Bond Issuance Costs

GAO/GGD-90-9BR, Dec. 18.

Issuing tax-exempt bonds can be a complex process, and issuers generally require specialized services to help plan and sell the bonds. Because of concern that the cost of issuing tax-exempt bonds may be artificially

high, placing an unnecessary burden on governments and diverting bonds proceeds from legitimate governmental purposes, legislation has been introduced in Congress (H.R. 5350) that would limit issuance costs of tax-exempt bonds. GAO's analysis shows that issuance costs as a percentage of bonds proceeds vary by bond purpose and size. For tax-exempt private activity bonds issued in 1985, the costs ranged from 2.2 percent for bond issues greater than \$75 million to 4.1 percent for bond issues between \$10 million and \$25 million. Data from IRS and the State University of New York show that significant percentages of tax-exempt bonds had issuance costs that would exceed H.R. 5350 limits. However, by analyzing the market shares of the underwriting firms and the potential barriers to competition, GAO concluded that underwriting is relatively competitive and that it is unlikely that underwriters would reduce fees and still provide the same level of service. As a result, the proposed limits could restrict state and local governments' ability to issue tax-exempt bonds.

Transportation

Aviation Security: Training Standards Needed for Extra Security Measures at Foreign Airports

GAO/RCED-90-66, Dec. 15.

GAO analyzed the security changes the Federal Aviation Administration has made in the wake of the explosion of Pan Am Flight 103 over Lockerbie, Scotland, in December 1988. Despite the imposition of additional security measures, airlines at high-risk foreign airports may not be properly carrying out required procedures. FAA has found deficiencies in the way airline security personnel were carrying out the extra security measures. GAO attributes these deficiencies to a lack of minimum training requirements and standards for FAA's security program on the extra security at high-risk overseas airports. These standards are needed to ensure that airline personnel are sufficiently trained to carry out required security measures. Moreover, FAA did not routinely evaluate formal airline security training at these airports. FAA has, however, begun examining the training and testing of host government security personnel who screen passengers and baggage at high-risk airports. GAO believes FAA needs to do the same for U.S. airline security personnel charged with carrying out extra security procedures at these airports. GAO summarized this report in testimony before Congress; see:

Proactive Management of FAA's Security Program Needed, by Kenneth M. Mead, Director of Transportation Issues, before the President's Commission on Aviation Security and Terrorism. GAO/T-RCED-90-20, Dec. 18.

Aviation Safety:
Information on FAA's Age 60 Rule for Pilots

GAO/RCED-90-45FS, Nov. 9.

GAO looked at FAA's regulation—known as the “Age 60 Rule”—prohibiting individuals age 60 or over from piloting large commercial aircraft. This fact sheet provides information on (1) the history of the Rule; (2) exemption requests, including the number filed and granted; (3) the number of “special issuance” medical certificates granted to pilots under age 60; and (4) studies on the Age 60 Rule. A list of the major court cases identified by FAA as involving the Age 60 Rule is also provided.

Aviation Safety:
Facility Ranking of Controller Survey Responses

GAO/RCED-90-39, Nov. 21.

This report ranks, in order, the largest air traffic facilities on the basis of controller views of their working conditions, training, safety, and morale. Controllers are troubled by working conditions at air traffic control facilities. The extent of their concern varied between facilities and on the basis of specific working conditions. Overall, controllers at Boston and Washington centers had the most negative survey views of working conditions, training, safety, and morale, whereas Albuquerque, Houston, and Minneapolis had the least negative views. Similarly, controllers at 12 terminals (including Boston, Kennedy, Orlando, and Washington National) had the most negative views, whereas controllers at another 11 terminals (including Jacksonville, Lubbock, Sacramento, and Tampa) had the least negative views.

Aging Aircraft:
FAA Needs Comprehensive Plan to Coordinate Government and Industry Actions

GAO/RCED-90-75, Dec. 22.

As a result of the April 1988 Aloha Airlines tragedy, FAA sponsored an international conference on aging aircraft in June 1988. In GAO's opinion,

this conference provided a clear statement of the aging aircraft problem and developed a reasonably complete series of recommendations. In October 1989, FAA held a second conference to discuss progress since the 1988 conference. Although this conference did not come up with additional recommendations, participants continued to believe that older aircraft warrant close scrutiny. GAO believes that the critical nature of the aging aircraft issue demands that a plan be developed within which FAA could (1) coordinate the timing and results of current and future initiatives and (2) evaluate and incorporate the resource implications of those initiatives. A plan would also facilitate oversight of the many long-term, government/industry initiatives spawned by the June 1988 conference—such as recommended modifications of Boeing and McDonnell Douglas aircraft—and would allow Congress to promote more accountability within FAA and the industry.

**Transportation Infrastructure:
Reshaping the Federal Role Poses Significant Challenge for Policy
Makers**

GAO/RCED-90-81A, Dec. 28.

In June 1989, GAO brought together 19 nationally known transportation authorities to discuss the reshaping of the Nation's surface transportation programs. The results of this seminar are particularly timely in light of Congress' upcoming deliberations on the reauthorization and funding of possibly \$90 billion for a 5-year federal highway and mass transit program. The seminar experts almost unanimously cited two surface transportation problems—traffic congestion and road and bridge deterioration—as priorities facing the Nation today and in the decade to come. In light of the winding down of construction of the Interstate Highway System, the transportation experts agreed that the focus of the federal highway role needs to be reexamined. One option is a two-tiered funding system. The first tier would fund highways considered to be of national importance; the second tier would give states greater discretion for responding to their specific transportation needs by consolidating many categorical problems into a block grant. Because many transportation experts doubt that current federal, state, and local revenue sources can meet the Nation's ever-expanding transportation needs, tolls were suggested as a way to raise additional revenue. The transportation experts also agreed that better coordination of and cooperation among the different transportation modes is needed to improve overall mobility.

**Transportation Infrastructure:
Panelists' Remarks at New Directions in Surface Transportation
Seminar**

GAO/RCED-90-81B, Dec. 28.

This is the second volume dealing with GAO's June 1989 seminar on the reshaping of America's surface transportation programs. This report presents in their entirety the presentations of the 19 nationally known transportation authorities who attended.

**Traffic Congestion:
Trends, Measures, and Effects**

GAO/PEMD-90-1, Nov. 30.

Many transportation experts believe that escalating traffic congestion threatens the efficient movement of people and commerce in the United States. Moreover, some believe that traffic congestion could become the number one surface transportation problem by the 1990s and into the next century. This report seeks to provide Congress with an overview of the traffic congestion problem. GAO examined the following questions: What forces affect the traffic congestion problem and how have they shaped its nature and severity? How is traffic congestion measured and how credible are the estimates of urban freeway delay developed by the Federal Highway Administration? What effects of traffic congestion have been measured?

**Traffic Congestion:
Federal Efforts to Improve Mobility**

GAO/PEMD-90-2, Dec. 5.

Both rural and urban interstates are becoming increasingly crowded. Reauthorization of the Highway Trust Fund in the early 1990s will give Congress and DOT an opportunity to consider changes in the federal role toward improving freeway and roadway mobility. This study, one in a series of GAO reports on freeway mobility, presents a comprehensive overview of current DOT efforts to reduce traffic congestion. The study addresses three questions: What activities does DOT now have underway to help communities alleviate traffic congestion? What resources does DOT use to support its congestion reduction activities? What evaluation

efforts are being made to assess the effectiveness of DOT's congestion reduction activities?

**Motor Vehicle Safety:
Passive Restraints Needed to Make Light Trucks Safer**

GAO/RCED-90-56, Nov. 30.

Light trucks, including pickup trucks, vans, and multipurpose vehicles, have become increasingly popular as passenger vehicles. Although 8,000 people died in light truck highway accidents in 1987, these vehicles are not required to meet certain safety standards that apply to passenger cars. Light trucks are still exempted from many of the standards that GAO reported on in 1978, the most significant being the passive restraint requirement. GAO believes the passive restraint requirement should be applied to light trucks, a measure that, according to the National Highway Traffic Safety Commission, could save up to 1,500 lives each year. Of the major light truck manufacturers, GAO found that only Ford has plans to install passive restraints.

Veterans' Affairs

**VA Health Care:
Assessment of Surgical Services at Two Medical Centers in the Southwest**

GAO/HRD-90-6, Dec. 14.

In 1985 the Department of Veterans Affairs told its medical districts to review the performance of medical centers and to identify services that should be consolidated or eliminated. In GAO's view, VA's decisions to close inpatient surgical services at the Big Scott Medical Center in Prescott, Arizona, and to retain them at the Big Spring Medical Center in Big Spring, Texas, appear reasonable. VA considered many factors, including workload and availability of alternative locations for inpatient surgery. In both cases, veterans could receive needed surgical services at other medical centers; however, the burden imposed by closure was far greater for Big Spring area veterans than for Prescott area veterans.

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